

DEPARTMENT OF TRANSPORTATION

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: December 8-9, 2004

Reference No.: 3.6
Action Item

From: CINDY MCKIM
Acting Chief Financial Officer

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Ref: **SIX-MONTH ESTIMATE OF LOAN CAPACITY UNDER AB 1012
RESOLUTION G-04- , AMENDING RESOLUTION G-03-07**

ISSUE:

The adjusted cash balance in the State Highway Account (SHA) is \$695 million as of September 2004. The projected ending cash balance for Fiscal Year 2004-05 is \$230 million, which is presented to the California Transportation Commission (Commission) in the Department of Transportation (Department) December 2004 Monthly Finance Report. Government Code Section 14529.6 (c) suspends this loan program when it is determined by the Commission that the cash balance in the SHA will be less than \$400 million.

RECOMMENDATION:

The Department recommends the Commission suspend this loan program for the six-month period from January 2005 through June 2005.

BACKGROUND:

AB 1012 (Chapter 783, Statutes of 1999) established a program to loan unallocated funds from the SHA to transportation planning agencies, county transportation commissions, transit districts, city and county governments, and local transportation authorities. These loans are to be made available for the advancement of projects eligible under the State Transportation Improvement Program (STIP) and that are included within an adopted Regional Transportation Plan (RTP). The maximum amount of funds that may be loaned to any single county for one or more projects is \$100 million, with a \$500 million maximum on the total amount of outstanding loans at any one time. Loans are to be repaid within four years.

AB 1012 requires that twice a year, on January 15 and July 15, the Commission adopt projections of funding available and the period of time that the funds will be available. The Department presented funding availability to the Commission at the June 2004 meeting. The Commission adopted Resolution G-03-07 recommending that no loans be considered due to the projected low ending cash balance.

Attachment

CALIFORNIA TRANSPORTATION COMMISSION
State Highway Account Loan Program
Six-Month Estimated Loan Capacity under AB1012

Resolution G-04-__,
Amending Resolution G-03-07

- 1.1 WHEREAS, Section 14529.6 of the Government Code (GC) was added by Chapter 783 of the Statutes of 1999 (AB 1012, Torlakson), hereinafter referred to as “the act”, and
- 1.2 WHEREAS, GC Section 14529.6 establishes a loan program to advance unallocated funds from the State Highway Account (SHA) for the advancement of projects eligible under the State Transportation Improvement Program (STIP) that are included within an adopted regional transportation plan, and
- 1.3 WHEREAS, the California Transportation Commission (Commission) is required by the act to adopt, in January and July of each year, a projection of funds that may be available to be loaned and the period of time during which funds will be available, and
- 1.4 WHEREAS, the act directs the Department of Transportation (Department) to report to the Commission, prior to adoption of a projection, the cash-flow needs for the STIP for the following six months, and
- 1.5 WHEREAS, GC Section 14529.6 (c) suspends the loan program, when the Commission determines that the SHA cash balance will be less than \$400 million, and
- 1.6 WHEREAS, the SHA adjusted cash balance on September 30, 2004 was \$695 million and the projected ending cash balance for Fiscal Year 2004-05 is \$230 million, and
- 1.7 WHEREAS, the Department cannot make any loans without jeopardizing funding of the Department’s daily operations.
- 2.1 NOW THEREFORE BE IT RESOLVED that the California Transportation Commission does hereby acknowledge that the SHA cash balance is projected to be less than \$400 million and that the loan program for the six-month period from January 2005 through June 2005 is suspended in accordance with GC Section 14529.6 (c).